5147578

REPORT OF THE DIRECTORS AND

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

FOR

SAREUM HOLDINGS PLC

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

SAREUM HOLDINGS PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS:	Paul Harper PhD Tim Mitchell PhD John Reader PhD
SECRETARY:	Tony Bunn FCMA
REGISTERED OFFICE:	Unit 2A, Langford Arch London Road, Pampisford Cambridge CB22 3FX
REGISTERED NUMBER:	5147578
AUDITORS:	Shipleys LLP Chartered Accountants & Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ
BROKER:	Hybridan LLP 60 Lombard Street London EC3V 9EA
CORPORATE SOLICITORS:	Bircham Dyson Bell 50 Broadway Westminster London SW1H 0BL
NOMINATED ADVISER:	John East & Partners Limited 10 Finsbury Square London EC2A 1AD
REGISTRARS:	Capita Registrars The Registry 34 Beckenham Road Beckenham BR3 4TU

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES
The principal activities of the Company in the year under review were those of a holding company. The principal activity of the Group is the discovery and development of new therapeutic drugs by a combination of skills in biology, computational chemistry and medicinal chemistry

REVIEW OF BUSINESS
During the previous year Sareum had commenced a strategic review of the business. The options available were evaluated and this resulted in the board taking the decision to sell the service business and associated assets on 26 August 2008. The Group decided on 31 July 2008 to make major cost savings largely through staff reductions. This was necessary due to difficult trading conditions arising from the economic climate reflected in Sareum's financial results. Since these events the Group has concentrated solely on the development and licensing of cancer drug candidates from a strong pipeline of established in-house programmes.

Since the year-end the Group has raised £815,000, before expenses, by way of three placings of new ordinary shares on AIM, made up of £315,000 on 11 September, £450,000 on 15 October and £50,000 on 19 October. The funds raised will underwrite the ongoing development of the Group's programmes.

A comprehensive review of the year is given in the Chairman's statement together with an outline of future developments.

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2009.

DIRECTORS
The directors who served during the period were as follows:

Tim Mitchell PhD	
John Reader PhD	
David Williams PhD	(resigned 29 August 2008)
Paul Harper PhD	
Giorgio Reggiani MBA ACMA	(resigned 11 July 2008)
Alastair Riddell PhD	(resigned 1 July 2008)

GROUP'S POLICY ON PAYMENT OF CREDITORS
The Group's policy is to pay its suppliers within 30 days of invoice date. At 30 June 2009, the invoices representing the trade creditors of the group had an average age of 19 days (2008: 44 days).

KEY PERFORMANCE INDICATORS
The directors consider cash and spending on research and development to be the Group's key performance indicators.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A.J. Bunn

Tony Bunn FCMA – Secretary

Date: 26/10/09

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAREUM HOLDING PLC

We have audited the financial statements of Sareum Holdings plc for the year ended 30 June 2009 on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAREUM HOLDING PLC - continued

Matters on which we are required to report by exception
We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alastair Mein (Senior Statutory Auditor)
for and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Date: 26th October 2009

SAREUM HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 £	2008 £
REVENUE	2		
Discontinued operations		31,600	1,502,507
OPERATING EXPENSES			
Continuing operations		(1,170,007)	(2,938,480)
Discontinued operations	3	(14,669)	(580,307)
		(1,184,676)	(3,518,787)
OPERATING PROFIT/(LOSS)			
Continuing operations		(1,170,007)	(2,938,480)
Discontinued operations	3	16,931	922,200
		(1,153,076)	(2,016,280)
Finance costs	5	(3,092)	(36,236)
Finance income	5	14,436	32,927
LOSS BEFORE TAX	6	(1,141,732)	(2,019,589)
Tax	7	67,860	327,232
LOSS FOR THE YEAR		(1,073,872)	(1,692,357)
Attributable to:			
Equity holders of the parent		(1,073,872)	(1,692,357)
Loss per share expressed in pence per share:	9		
Basic		(0.13)p	(0.28)p
Diluted		(0.13)p	(0.27)p

The notes form part of these financial statements

SAREUM HOLDINGS PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	2009 £	2008 £
LOSS FOR THE FINANCIAL YEAR	(1,073,872)	(1,692,357)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	(1,073,872)	(1,692,357)
Attributable to:		
Equity holders of the parent	(1,073,872)	(1,692,357)

The notes form part of these financial statements

SAREUM HOLDINGS PLC

CONSOLIDATED BALANCE SHEET
30 JUNE 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	1,575	25,836
Property, plant and equipment	11	1,170	723,843
		2,745	749,679
CURRENT ASSETS			
Trade and other receivables	13	33,619	283,702
Tax receivable		67,860	324,570
Cash and cash equivalents	14	273,977	480,851
		375,456	1,089,123
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	51,639	224,322
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	-	88,390
		51,639	312,712
NET CURRENT ASSETS		323,817	776,411
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	-	125,656
NET ASSETS		326,562	1,400,434
SHAREHOLDERS' EQUITY			
Called up share capital	18	204,524	204,524
Share premium	19	5,401,631	5,401,631
Merger reserve	19	27	27
Retained earnings	19	(5,279,620)	(4,205,748)
TOTAL EQUITY		326,562	1,400,434

The financial statements were approved by the Board of Directors on 26-oct-09 and were signed on its behalf by:

T J Mitchell PhD - Director

The notes form part of these financial statements

SAREUM HOLDINGS PLC

REGISTERED NUMBER: 5147578

COMPANY BALANCE SHEET
30 JUNE 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Investments	12	30,000	30,000
Trade and other receivables	13	-	5,156,561
NET ASSETS		30,000	5,186,561
SHAREHOLDERS' EQUITY			
Called up share capital	18	204,524	204,524
Share premium	19	5,401,631	5,401,631
Retained earnings	19	(5,576,155)	(419,594)
TOTAL EQUITY		30,000	5,186,561

The financial statements were approved by the Board of Directors on 26-Oct-09 and were signed on its behalf by:

T J Mitchell PhD - Director

The notes form part of these financial statements

SAREUM HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Cash used in operations	25	(1,035,382)	(1,847,123)
Interest paid		(3,092)	(36,236)
Tax received		324,570	198,103
Net cash used in operating activities		(713,904)	(1,685,256)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(6,500)
Purchase of tangible fixed assets		(351)	(83,065)
Sale of tangible fixed assets		706,991	-
Interest received		14,436	32,927
Net cash from/(used in) investing activities		721,076	(56,638)
Cash flows from financing activities			
Repayment of leasehold improvements loan		(34,830)	(26,472)
Capital element of finance leases		(179,216)	(138,009)
Share issue		-	89,572
Share premium on issue of shares		-	1,637,328
Net cash (used in)/from financing activities		(214,046)	1,562,419
Decrease in cash and cash equivalents		(206,874)	(179,475)
Cash and cash equivalents at beginning of year	26	480,851	660,326
Cash and cash equivalents at end of year	26	273,977	480,851

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going concern
Sareum Holdings plc is a research and development based business, with at present no currently marketed products. The directors, who regularly review forecasts of trading and cash flows and compare these with available funding, consider that the Group has sufficient resources for the foreseeable future and thus they continue to adopt the going concern basis in the preparation of these financial statements. This opinion is underwritten by the funds raised since the year-end whereby the Group has raised £815,000, before expenses, by way of three placings of new ordinary shares on AIM.

Amortisation of intangibles
Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Intellectual property - straight line over 5 years

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold improvements	-	the remaining life of the lease
Laboratory equipment	-	straight line over four years
Fixtures and computers	-	straight line over three or four years

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development
Research and development expenditure is written off in the year in which it is incurred.

1. ACCOUNTING POLICIES - continued

Finance leases and hire purchase contracts
Tangible assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of the contract of each lease. The total finance charges are allocated over the period of the lease in such a way as to give a reasonable constant charge on the outstanding liability.

Operating lease agreements
Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Revenue recognition
The revenue shown in the profit and loss account relates to the provision of research and development services and the hire of equipment. The revenue recognised represents the value of work completed within the period.

Employee share scheme
The Company operates share based incentive schemes. The cost of awards to employees, being the difference between the market price at the date of the award and the amount of consideration due, is recognised over the period of the employee's related performance where there is a reasonable expectation that the performance criteria will be met. The share options granted during the year are calculated to have a zero fair value under IFRS2 using the Black-Scholes pricing model.

Pension contributions
The Group does not operate a pension scheme for the benefit of its employees, but instead makes contributions to their personal pension policies. The contributions due for the period are charged to the profit and loss account.

2. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	2009	2008
	£	£
United Kingdom	-	330,552
Rest of Europe	31,600	691,153
USA	-	480,802
	31,600	1,502,507

3. DISCONTINUED OPERATIONS

The discontinued operation consists of the service business that was sold on 26 August 2008. The operating expenses of the discontinued operation represent the directly attributable costs of the service business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED 30 JUNE 2009

4. EMPLOYEES AND DIRECTORS

	2009	2008
	£	£
Directors' emoluments	190,119	372,437
Compensation for loss of office	39,590	-
Directors' pension contributions to money purchase schemes	10,715	18,622

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	4

Information regarding the highest paid director is as follows:

	2009	2008
	£	£
Emoluments etc	82,115	97,560
Pension contributions to money purchase schemes	4,941	5,530

	2009	2008
Staff Costs:	£	£
Wages and salaries	434,234	1,415,081
Social security costs	33,679	156,831
Other pension costs	28,192	82,254
	496,105	1,654,166

The average monthly number of employees during the year was as follows:

	2009	2008
Office and management	1	8
Research	3	25
	4	33

5. NET FINANCE INCOME/(COSTS)

	2008	2008
	£	£
Finance income:		
Deposit account interest	14,436	32,927
Finance costs:		
Loan for leasehold improvements	734	5,602
Capital leases	2,358	30,634
	3,092	36,236
Net finance income/(costs)	11,344	(3,309)

6. LOSS BEFORE TAX

The loss before tax is stated after charging:

	2009	2008
	£	£
Other operating leases	176,148	144,077
Depreciation - owned assets	23,738	263,413
Depreciation - assets on finance leases	9,355	110,643
Loss on disposal of fixed assets	5,706	-
Intellectual property amortisation	1,495	11,345
Auditors' remuneration	9,000	9,250
Auditors' remuneration for non audit work		
– taxation services	750	850
Foreign exchange differences – (gain)/loss	(2,595)	7,934
Research and development	474,660	2,169,439
Exceptional cost - redundancy	146,683	-

7. TAX

Analysis of the tax credit

	2009	2008
	£	£
Current tax:		
Tax	67,860	327,232
Total tax credit in income statement	67,860	327,232

Factors affecting the tax charge

The tax assessed for the year is higher (2008 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2009	2008
	£	£
Loss on ordinary activities before tax	(1,141,732)	(2,019,589)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2008 - 20.25%)	(239,764)	(408,966)
		£
Effects of:		
Expenses not allowable for tax purposes	11,871	658
Capital allowances in excess of depreciation	(41,713)	(124,814)
Unutilised tax losses	170,625	122,339
Losses surrendered for research and development tax credits	98,981	410,783
Research and development tax credits claimed	67,860	324,569
Prior year under provision	-	2,663
Total tax	67,860	327,232

Factors that may affect future tax charges

Tax charges in future periods will be affected by unrelieved tax losses of approximately £2,814,474 which remain available to offset against future taxable trading profits.

8. LOSS OF PARENT COMPANY

As permitted by the Companies Act the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(5,156,561) (2008 - £(109,797)).

The loss represents costs of £99,740 (2008 - £109,797) associated with the Company's obligations to maintain its Aim listing as well as a provision of £5,056,821 (2008 - £nil) for impairment of amounts owed by group undertakings.

9. EARNINGS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by 818.098 million being the weighted average number of ordinary shares outstanding during the period (2008: 598.110 million).

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. In Sareum's case these potential shares represent 7 million (2008: 21 million) options at 2 pence per share. Of these nil (2008: 14 million) are staff options and the remaining 7 million (2008: 7 million) options are exercisable by Ellis Stockbrokers and lapse in October 2009.

10. INTANGIBLE ASSETS

Group

	Intellectual property £
COST	
At 1 July 2008	57,264
Disposals	(54,311)
At 30 June 2009	2,953
AMORTISATION	
At 1 July 2008	31,428
Amortisation for year	1,495
Disposals	(31,545)
At 30 June 2009	1,378
NET BOOK VALUE	
At 30 June 2009	1,575
At 30 June 2008	25,836

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements £	Laboratory equipment £	Fixtures and computers £	Totals £
COST				
At 1 July 2008	416,876	1,272,727	63,946	1,753,549
Additions	-	-	351	351
Disposals	(416,876)	(1,272,727)	(54,537)	(1,744,140)
At 30 June 2009	-	-	9,760	9,760
DEPRECIATION				
At 1 July 2008	140,802	846,229	42,675	1,029,706
Charge for year	3,761	26,515	2,817	33,093
Disposals	(144,563	(872,744)	(36,902)	(1,054,209)
At 30 June 2009	-	-	8,590	8,590
NET BOOK VALUE				
At 30 June 2009	-	-	1,170	1,170
At 30 June 2008	276,074	426,498	21,271	723,843

The net book value in respect of assets held under finance leases is as follows:

	2009 £	**2008** £
Laboratory equipment	-	263,179
Fixtures and computers	-	4,871
	-	268,050

12. INVESTMENTS

Company

	Shares in group undertakings
	£
COST	
At 1 July 2008 and 30 June 2009	30,000
NET BOOK VALUE	
At 30 June 2009	30,000
At 30 June 2008	30,000

On 5 July 2004, the Company acquired 100% of the issued share capital of Sareum Limited; a company incorporated in England and Wales and operating in the United Kingdom. In consideration, the shareholders in Sareum Limited received ordinary shares in Sareum Holdings plc and a loan to finance its operations. This event was not an acquisition in the normal way but purely a mechanism for floating Sareum Limited on AIM.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	£	£	£	£
Current:				
Trade debtors	862	157,737	-	-
Other debtors	1,464	1,982	-	-
VAT	2,888	754	-	-
Prepayments and accrued income	28,405	123,229	-	-
	33,619	283,702	-	-
Non-current:				
Amounts owed by group undertakings	-	-	-	5,156,561
Aggregate amounts	33,619	283,702	-	5,156,561

The Directors have confirmed that they will not seek repayment of the inter-company balance owing from Sareum Limited within the next 12 months, and therefore this balance is considered to be repayable in more than a year from the balance sheet date. The Directors have also considered the recoverability of the inter-company balance and have made provision for the full value of the debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

14. CASH AND CASH EQUIVALENTS

	Group	
	2009	**2008**
	£	£
Bank deposit account	930	385,000
Bank accounts	273,047	95,851
	273,977	480,851

15. TRADE AND OTHER PAYABLES

	Group	
	2009	**2008**
	£	£
Current:		
Trade creditors	25,898	126,827
Social security and other taxes	5,802	36,689
Other creditors	2,097	9,999
Accruals and deferred income	17,842	50,807
	51,639	224,322

16. FINANCIAL LIABILITIES - BORROWINGS

	Group	
	2009	**2008**
	£	£
Current:		
Loan for leasehold improvements	-	34,830
Finance leases (see note 15)	-	53,560
	-	88,390
Non-current:		
Finance leases (see note 15)	-	125,656

17. LEASING AGREEMENTS

Group

Minimum lease payments under finance leases fall due as follows:

	2009 £	2008 £
Net obligations repayable:		
Within one year	-	53,560
Between one and five years	-	125,656
	-	179,216

At 30 June 2009 the Group was committed to making the following payments during the next year in respect of operating leases:

Group

	Land and buildings	
	2009 £	**2008** £
Expiring:		
Within two to five years	10,600	
After five years	-	144,400

18. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2009 £	2008 £
40,000,000,000	Ordinary Shares	0.025p	10,000,000	10,000,000

Alloted, issued and fully paid:

Number:	Class:	Nominal value:	2009 £	2008 £
818,097,713 (2008: 818,097,713)	Ordinary Shares	0.025p	204,524	204,524

19. RESERVES

Group

	Retained earnings £	Share premium £	Merger reserve £	Totals £
At 30 June 2008	(4,205,748)	5,401,631	27	1,195,910
Deficit for the year	(1,073,872)			(1,073,872)
At 30 June 2009	(5,279,620)	5,401,631	27	122,038

Company

	Retained earnings £	Share premium £	Totals £
At 30 June 2008	(419,594)	5,401,631	4,982,037
Deficit for the year	(5,156,561)		(5,156,561)
At 30 June 2009	(5,576,155)	5,401,631	(174,524)

20. PENSION COMMITMENTS

The Group makes contributions to its employees' own personal pension schemes. The contributions for the period of £28,193 (2008: £82,254) are charged to the profit and loss account. At the balance sheet date contributions of £2,097 (2008: £9,999) were owed and are included in creditors.

21. CONTINGENT LIABILITIES

There are no contingent liabilities (2008: £nil).

22. RELATED PARTY DISCLOSURES

During the period no fees (2008 £34,263) were paid to Doppio LLP for consultancy services. Giorgio Reggianni, a partner of Doppio LLP, was a director of Sareum Holdings plc between 21 September 2007 and 11 July 2008.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2009	2008
	£	£
Loss for the financial year	(1,073,872)	(1,692,357)
New equity share capital	-	89,572
Premium on new share capital	-	1,637,328
	(1,073,872)	
Net addition to reserves		34,543
Opening shareholders' funds	1,400,434	1,365,891
Closing shareholders' funds	326,562	1,400,434

Company

	2009	2008
	£	£
Loss for the financial year	(5,156,561)	(109,797)
New equity share capital	-	89,572
Premium on new share capital	-	1,637,328
Net (reduction)/addition to reserves	(5,156,561)	1,617,103
Opening shareholders' funds	5,186,561	3,569,458
Closing shareholders' funds	30,000	5,186,561

24. POST BALANCE SHEET EVENTS

On 11 September 2009 the Group raised £315,000, before expenses, by way of a placing of 157,500,000 new ordinary shares of 0.025p nominal value in the capital of Sareum Holding plc at a price of 0.2p per share.

On 15 October 2009 the Group raised £450,000, before expenses, by way of a placing of 180,000,000 new ordinary shares of 0.025p nominal value in the capital of Sareum Holding plc at a price of 0.25p per share.

On 19 October 2009 the Group raised £50,000, before expenses, by way of a placing of 20,000,000 new ordinary shares of 0.025p nominal value in the capital of Sareum Holding plc at a price of 0.25p per share.

25. RECONCILIATION OF LOSS BEFORE TAX TO CASH USED IN OPERATIONS

	2009 £	2008 £
Continuing operations:		
Loss before tax	(1,156,168)	(2,941,789)
Depreciation charges	34,588	385,402
Loss on disposal of fixed assets	5,706	-
Finance costs	3,092	36,236
Finance income	(14,436)	(32,927)
	(1,127,218)	(2,553,078)
Discontinued operations	14,436	922,200
Decrease in trade and other receivables	250,083	358,036
Decrease in trade and other payables	(172,683)	(574,281)
Cash used in operations	(1,035,382)	(1,847,123)

26. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 30 June 2009

	30/6/09 £	1/7/08 £
Cash and cash equivalents	273,977	480,851

Year ended 30 June 2008

	30/6/08 £	1/7/07 £
Cash and cash equivalents	480,851	660,326

27. DEFERRED TAX

No provision has been made in the Group's accounts and the amounts not provided for at the end of the year are as follows:

	2009 £	2008 £
Excess of depreciation on fixed assets over taxation allowance claimed	(6,784)	(9,025)
Tax losses available	(591,040)	(420,414)
	(597,824)	(429,439)

A potential deferred tax asset of £597,824 has not been recognised, as the Directors do not believe that the Group will make sufficient taxable profits in the foreseeable future to justify a provision. The deferred tax asset would be recognised should sufficient profits be generated in the future against which it may be recovered.